

IMPACTS OF EMPLOYEE-ORIENTED SUPERVISION, GROUP COHESIVENESS AND PAY INEQUITY ON PERFORMANCE: AN EMPIRICAL STUDY

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ABSTRACT

Bangladesh has become an emerging tiger with its extremely dynamic economy. Banking sector is playing a vital role for the booming of this economy through its service to the industry and international trade. At present, there are 6 state owned and 43 private commercial banks in Bangladesh. Motivated employees of these banks are the key assets in delivering best service to their customers. This paper focuses on the performance of these employees in the light of three factors: employee-oriented supervision, group cohesiveness, and pay inequity. In this study, three private and three state-owned commercial banks were selected from three generations of bank. The data were collected from 408 respondents through convenience sampling with structured questionnaire. 5-Point Likert Scale was used to collect the primary data and Statistical Package for the Social Sciences (SPSS) software was used to analyze it. The study revealed that 'employee-oriented supervision' and 'group cohesiveness' have significant positive impact whereas 'pay inequity' has significant negative impact on employee performance. Furthermore, the 'group cohesiveness' had the highest positive contribution on performance for commercial bank employees. Finally, the recommendations were out lined based on the findings of the study.

KEYWORDS: *Employee Performance, Employee-oriented Supervision, Group Cohesiveness, Pay Inequity, Private and State owned Commercial Banks*

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I. INTRODUCTION

Banking sector plays a pivotal role in the economic development of a country. Well-developed banking system is indispensable for modern trade and commerce. Now-a-days, banks not only act as warden of public money but also are essential as vital agent for maintenance of sound financial position of the country. The economy of Bangladesh was once fully dependant on agriculture. But, now a day, the country's service sector is expanding rapidly which is remarkably dominant by the banking sector. The average contribution of service sector to the GDP is 51.30% in FY 2019-20 (Bangladesh Economic Review, 2020). The commercial banks (private- and state owned) are playing substantial role in contributing to this economy by providing credit to industries and creating jobs (1,32,942 persons) for general people (The Financial Express, 16 March, 2020). Basically, commercial banks play a significant role for social stability and sustainable growth of the economy by providing financial service to the general people, industry and the business (Islam, 2020; Kalpana & Rao, 2017). Furthermore, to provide the best service to these customers, banks' required a group of well performed employees. Because, an organization's performance directly depends on the individuals it employs. Employees of organization are considered as the major stakeholder in determining the performance of organization. Hence, it is increasingly required to focus on improving the performance of employees to enhance the organization's performance (Arulrajah & Opatha, 2012). Again, employee's performance is closely related to their motivation. A happier employee is a productive employee

and his/her life satisfaction increases the extra-role job performance (Jones, 2006). Price (2007) stated, organizations encompass different practices focusing on optimum performance of their employees in order to achieve maximum output and exclusive competitive advantage. Therefore, if the bank management implements proper policy to get motivated employees, they will ultimately gain well performed employees and the country will eventually be beneficiary.

II. OBJECTIVES OF THE STUDY

The present study's specific objectives are:

- to find out the relationship of employee-oriented supervision, group cohesiveness, and pay inequity with the employees' performance of commercial banks;
- to investigate the impact of employee-oriented supervision, group cohesiveness, and pay inequity on the employees' performance of commercial banks;
- Finally, to recommend some suggestions for enhancing the performance for both the banks' employees.

III. REVIEW OF RELATED LITERATURE

Performance is the accomplishment of a given task measured against preset known standards of accuracy, completeness, cost, and speed (Hafeez, 2015) whereas employee means a person who works in the service of another person under an express or implied contract of hire, under which the employer has the right to control the details of work performance (Black, 2011). Thus, employee performance involves factors such as quality, quantity and effectiveness of work as well as the behaviors of employees shown in the work place (Donohoe, 2019). Again, group cohesiveness of employees means the degree of attachment of the members within their group. Group cohesiveness has four major components: social relations, task relations, perceived unity, and emotions. Members of strongly cohesive groups are more inclined to participate readily and to stay with the group (Preeti, 2018) and the higher performance is seen where the group cohesion is strong (Banwo et al, 2015). Sherwood (1988) mentioned fair relations with peers build effective teamwork which leads to high-performance and high-commitment in workplace. Abdullah et al. (2019) stated that cohesiveness within the group is an important factor to enhance the performance of the work in any organization. They claimed that the higher the group cohesion, the greater the work performance in an organization. Furthermore, employee-oriented supervision indicates the degree that supervisors are how much cooperative, collaborative, helpful and loyal to the employees in the work place. Provide solid direction to staffs in accomplishing important goals can satisfy employees in their workplace so supervision has direct positive impact on work motivation which leads to better performance of the employees (Lee and Kusumah, 2020). Hannang et al. (2020) argued that staffs at all levels seem motivated who are well supervised by their superiors and the level of supervision has the positive impact on employee performance (Hannang et al, 2020). Effective supervision through discussion and reflection is very important relationships between in supervisor and supervisee which increase productivity. Again, pay inequity involves mitigating inequalities of employees' salary because of different race, gender or other criteria. Cullen and Truglia (2021) stated, 'pay inequity has the negative effect on employees' efforts and performance'. Furthermore, "the term commercial bank refers to a financial institution that accepts deposits, offers checking account services, makes various loans, and offers basic financial products like certificates of deposit and savings accounts to individuals and small businesses" (Kagan, 2021). In Bangladesh, there are 43 private commercial banks (majorly owned by individuals or the private entities) and 6 state owned commercial banks (fully or majorly owned by the Government of Bangladesh) (Bangladesh Bank, 2021). Hence, this study was concentrated to the performance of the employees of these banks.

IV. HYPOTHESIS OF THE STUDY

Based on the objectives and literature review, the following hypotheses were taken for the current study which is shown in the table below:

Table 1

Hypothesis - 1	H ₀	There is no significant impact of perceived degree of employee-oriented supervision on performance of commercial bank employees.
	H ₁	There is significant impact of perceived degree of employee-oriented supervision on performance of commercial bank employees.
Hypothesis - 2	H ₀	There is no significant impact of perceived degree of group cohesiveness on performance of commercial bank employees.
	H ₁	There is significant impact of perceived degree of group cohesiveness on performance of commercial bank employees.
Hypothesis - 3	H ₀	There is no significant impact of perceived degree of pay inequity on performance of commercial bank employees.
	H ₁	There is significant impact of perceived degree of pay inequity on performance of commercial bank employees.

V. RESEARCH METHODOLOGY

To evaluate the impacts of employee-oriented supervision, perceived degree of group cohesiveness, and pay inequity on employee's performance, a survey was conducted in two types of commercial bank in Bangladesh. The area of investigation was generation wise 3 private banks: Islami Bank Bangladesh Limited, Dutch-Bangla Bank Limited and Jamuna Bank Limited (1st, 2nd, and 3rd generation respectively) and 3 state owned banks: Sonali Bank Limited, Basic Bank Limited and Bangladesh Development Bank Limited (1st, 2nd, and 3rd generation respectively). The branches of these banks were selected from Dhaka and Khulna Divisions of Bangladesh. The sample size was 408 employees where 204 from private commercial banks and other 204 from the state owned commercial banks. These employees were selected through convenience sampling. A structured questionnaire with 5-point Likert Scale was used to collect the primary data and the collected data were analyzed using the Statistical Package for the Social Sciences (SPSS) software. For secondary data, the researcher used books, newspapers, journals, magazine, banks' websites, internet etc. Pearson product moment coefficients were computed to find out the relationship between the variables. Stepwise multiple regressions were computed to find out the relative contributions of different variables on a dependent variable. Tests were conducted with 5% level of significance. For the present study, 3 specific job factors were taken into consideration which are related to the employee performance i.e., employee-oriented supervision, perceived degree of group cohesiveness, and pay inequity.

VI. DATA ANALYSIS AND FINDINGS

The collected data were analyzed to fulfill the objectives of the study. The results of different tests are presented below:

Table 2: Correlation among Performance, Employee Oriented Supervision, Group Cohesiveness, and pay Inequity (Private and State Owned Banks, N=408)

Variables	1	2	3	4
Performance	1			
Employee-oriented supervision	.228**	1		
Group cohesiveness	.291**	.335**	1	
Pay inequity	-.305**	-.254**	-.349**	1

** . Correlation is significant at the 0.01 level (2-tailed).

Table 2 exhibits the following relationships:

- There was a significant positive correlation between performance and employee oriented supervision (.228), and performance and group cohesiveness (.291), but significant negative correlation between performance and pay inequity (-.305).
- There was a significant positive correlation between employee oriented supervision and group cohesiveness (.335) but significant negative correlation between employee oriented supervision and pay inequity (-.254).
- There was a significant negative correlation between group cohesiveness and pay inequity (-.349).

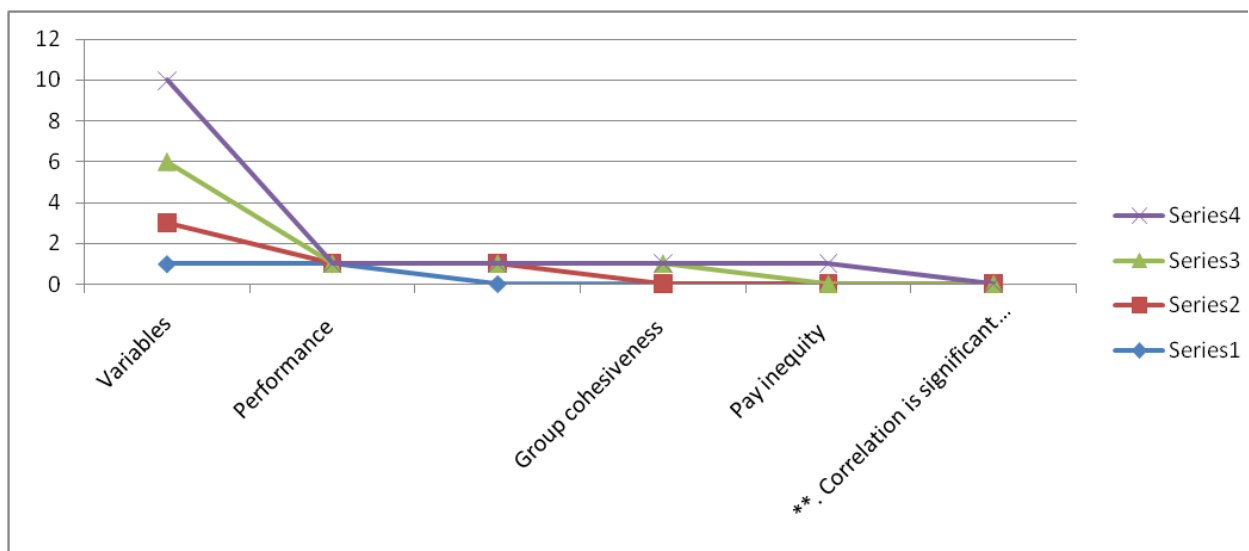


Figure 1: Correlation among Performance, Employee Oriented Supervision, Group Cohesiveness, and Pay Inequity (Private and State Owned Banks, N=408).

Source: Table-2

Table 3: Summary of Stepwise Regression: Dependent Variable - Performance (Private and State Owned Banks, N=408)

Model Summary					
Model	R	R Square	F	p-value	Betas in Model 2
1	.305 ^a	0.093	41.559	0.000	-.969
2	.363 ^b	0.132	30.693	0.000	0.790
3	.378 ^c	0.143	22.456	0.000	0.489
a. Predictors: (Constant), Pay inequity					
b. Predictors: (Constant), Pay inequity, Group cohesiveness					
c. Predictors: (Constant), Pay inequity, Group cohesiveness, Employee oriented supervision					

The results of table-3 revealed that three independent variables were entered in the equation and the order of inclusion was follows: pay inequity, group cohesiveness, and employee-oriented supervision. It also shows that pay inequity, group cohesiveness, employee-oriented supervision were the most important predictors of performance as each of additional variables was entered the multiple R, and R squared increased. The combination of these variables score were about 14 percent. Allowing one of the independent variables to operate while controlling for the other variables in the question, it was found that group cohesiveness had the highest positive contribution on performance (beta=.790). The contribution of employee oriented supervision was positive (beta=.489) but pay inequity (beta= -.969) contributes

negatively on performance and the individual contribution of these variables was statistically significant.

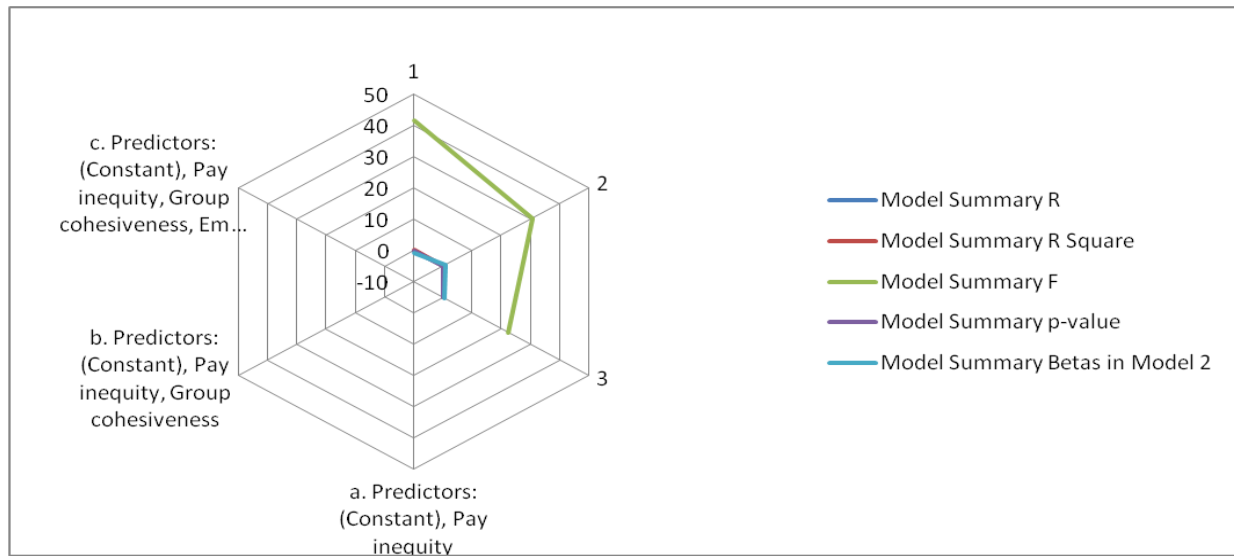


Figure 2: Stepwise Regression: Dependent variable - Performance (Private and State Owned Banks, N=408).
Source: Table-3

Table 4: Correlation among Performance, Employee-Oriented Supervision, Group Cohesiveness, and Pay Inequity (Private Banks, N=204)

Variables	1	2	3	4
Performance	1			
Employee-oriented supervision	.203**	1		
Group cohesiveness	.273**	.377**	1	
Pay inequity	-.134	-.199**	-.151*	1
**. Correlation is significant at the 0.01 level (2-tailed).				
*. Correlation is significant at the 0.05 level (2-tailed).				

Table-4 exhibits the following relationships:

- There was a significant positive correlation between performance and employee oriented supervision (.203), and performance and group cohesiveness (.273).
- There was a significant positive correlation between employee oriented supervision and group cohesiveness (.377) but significant negative correlation between employee oriented supervision and pay inequity (-.199).
- There was a significant negative correlation between group cohesiveness and pay inequity (-.151).

Table 5: Summary of Stepwise Regression: Dependent Variable - Performance (Private Banks, N=204)

Model Summary					
Model	R	R Square	F	p-value	Betas in model 2
1	.273 ^a	0.074	16.219	0.000	1.230
a. Predictors: (Constant), Group cohesiveness					

The results of Table-5 revealed that only one independent variable was entered in the equation that is group cohesiveness. It also shows that group cohesiveness was the most important predictors of performance. And the variables' score was 7 percent. Allowing one of the independent variables to operate while controlling for the other variables in the question, it

was found that group cohesiveness had the highest positive contribution on performance (beta= 1.230) and the individual contribution of the variable was statistically significant.

Table 6: Correlation among Performance, Employee Oriented Supervision, Group Cohesiveness, and pay Inequity (State Owned Banks, N=204)

Variables	1	2	3	4
Performance	1			
Employee-oriented supervision	.307**	1		
Group cohesiveness	.127	.350**	1	
Pay inequity	-.282**	-.632**	-.222**	1

** . Correlation is significant at the 0.01 level (2-tailed).

Table-6 exhibits the following relationships:

- There was a significant positive correlation between performance and employee oriented supervision (.307), but significant negative correlation between performance and pay inequity (-.282).
- There was a significant positive correlation between employee oriented supervision and group cohesiveness (.350) but significant negative correlation between employee oriented supervision and pay inequity (-.632).
- There was a significant negative correlation between group cohesiveness and pay inequity (-.222).

Table 7: Summary of stepwise regression: Dependent variable - Performance (State Owned Banks, N=204)

Model Summary					
Model	R	R Square	F	p-value	Betas in model 2
1	.307 ^a	0.094	20.969	0.000	1.113

a. Predictors: (Constant), Employee oriented supervision

The results of Table-7 revealed that only one independent variable was entered in the equation that is employee oriented supervision. It also shows that employee oriented supervision was the most important predictors of performance. And the variables' score was 9 percent. Allowing one of the independent variables to operate while controlling for the other variables in the question, it was found that employee oriented supervision had the highest positive contribution on performance (beta= 1.113) and the individual contribution of the variable was statistically significant.

VII. TESTED HYPOTHESES IN THE LIGHT OF FINDINGS

Hypothesis - 1

- **Ho: There is no significant effect of perceived degree of employee-oriented supervision on performance of bank employees.**
- **H₁: There is significant effect of perceived degree of employee-oriented supervision on performance of bank employees.**

It is observed that the degree of employee orientation of the supervisors as perceived by the employees has significant positive correlation with the performance (Table 2, 4 & 6). This suggests that the more supportive or employee oriented the supervisors, the more the subordinate employees will strive to do their jobs better and higher will be their performance. The result of regression analysis is also evident that employee oriented supervision has a significant positive impact on performance (Table 3 & 7). Therefore, null hypothesis (Ho-1) has been rejected and alternative hypothesis (H₁-

1) has been accepted.

The finding of the present study is supported by many other studies in this regard. The finding is in conformity with the conclusion of Farwa and Niazi (2013) and Davis (1962) that employee oriented supervisors tend to get better productivity and motivation. Similar result was also found in a study conducted by Habibullah (1980) indicating that there was significant positive correlation between the line superior employee orientation and the productivity of this work group. He also reported that the employees (workers) showed preferences for a good boss who would bear their grievances sympathetically and who would treat them in a supportive manner.

Hypothesis - 2

- **Ho: There is no significant effect of perceived degree of group cohesiveness on performance of bank employees.**
- **H₁: There is significant effect of perceived degree of group cohesiveness on performance of bank employees.**

Regarding the hypothesis-2 it is observed that the degree of group cohesiveness as perceived by the employees has significant positive correlation with their performance (Table-2, 4). This suggests that the more cohesiveness among the group members, the more they strive to do their jobs better and higher the performance. The result of regression analysis is also evident that group cohesiveness has a significant positive impact on performance (Table-3, 5). Therefore, null hypothesis (Ho-2) has been rejected and alternative hypothesis (H₁-2) has been accepted.

The results are consistent with the findings of Mullen and Cooper (1994) indicating that the greater the degree of cohesiveness among the group members, the higher the group performance. Similarly, Beal et al (2004) found significant effects of group cohesion on the performance. They found that group cohesiveness builds the team work and team work increases the team performance.

Hypothesis - 3

- **Ho: There is no significant effect of perceived degree of pay inequity on performance of bank employees.**
- **H₁: There is significant effect of perceived degree of pay inequity on performance of bank employees.**

The results of the present study reveal that the perceived degree of pay inequity has significant negative correlation with performance (Table-2 & 6) of the employees. So, it has been proved that the higher the perceived degree of pay inequity of the employees, the lower performance of the employees in both types of bank. Furthermore, the perceived degree of pay inequity has significant negative independent impact on bank employees' performance (Table-3). Therefore, null hypothesis (Ho-3) has been rejected and alternative hypothesis (H₁-3) has been accepted.

The findings of the present study is also supported by the equity theory predictions (Adams, 1963) which states that when employees (workers) perceive inequity due to under rewards, they may be dissatisfied and will be motivated to reduce the quantity and quality of output which they are producing. Habibullah (1974) also found significant negative correlation between perceived degree of pay inequity and performance effectiveness of the supervisory and mid-level managerial employees.

VIII. MAJOR FINDINGS OF THE STUDY

- There was significant positive correlation between performance and employee-oriented supervision ($r=.228$), performance and group cohesiveness ($r=.291$) and negative correlation between performance and pay inequity ($r=-.305$). These types of correlations were true irrespective of the employees of private and state owned banks (Table-2).
- Employee-oriented supervision and group cohesiveness have significant positive impact on performance whereas pay inequity has significant negative impact on performance. Group cohesiveness ($\beta=.790$) was found to be the highest positive contributor to the performance of employees whereas pay inequity ($\beta=-.969$) was found the highest negative contributor to the employees. It was found that group cohesiveness ($\beta= 1.230$) had the highest positive contribution on performance for the private bank employee whereas employee-oriented supervision ($\beta= 1.113$) had the highest positive contribution on performance for the state owned bank employees (Table-3, Table-5 & Table-7).

IX. CONCLUSIONS & RECOMMENDATIONS

The commercial banks are playing substantial role in contributing to the economy of the country by providing credit to industries, creating jobs for general people and mobilization of resources. Basically, commercial banks provide financial services to the general people, industry and the business that lead to play a pivotal role for social stability and sustainable growth of the economy. Furthermore, the performance of these banks remarkably depends on its employees' performance. The study revealed that 'employee-oriented supervision' and 'group cohesiveness' have significant positive impact on employee performance whereas 'pay inequity' has the significant negative impact. Based on the findings of the present study, the researcher outlined here some recommendations to enhance the performance of these employees and the ultimate growth of the country's economy:

- The authority of banks should provide some training to the supervisors to enhance their knowledge and skill so that they can guide their team members effectively and efficiently. This guidance may create positive feeling in employees' mind regarding their supervisor which will lead the employees to exert their fullest capacity to perform better.
- Bank management can provide behavioral training to the supervisors and employees to develop their attitude to each other. This training may guide supervisors to understand employees' need and wants and behave with them accordingly. On the other hand, employees can realize how they should deal with their supervisor. These interactions may create better relations among them and generate a good environment in workplace.
- Bank Management can arrange some informal and social activities like annual sports, picnic, music etc. to build friendship and team among the employees. Social activities always help to build group cohesions.
- Bangladesh Bank can introduce unique pay scale for the same positions of different commercial banks. This can reduce dissatisfaction of employees in their jobs which may lead them for better performance.

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